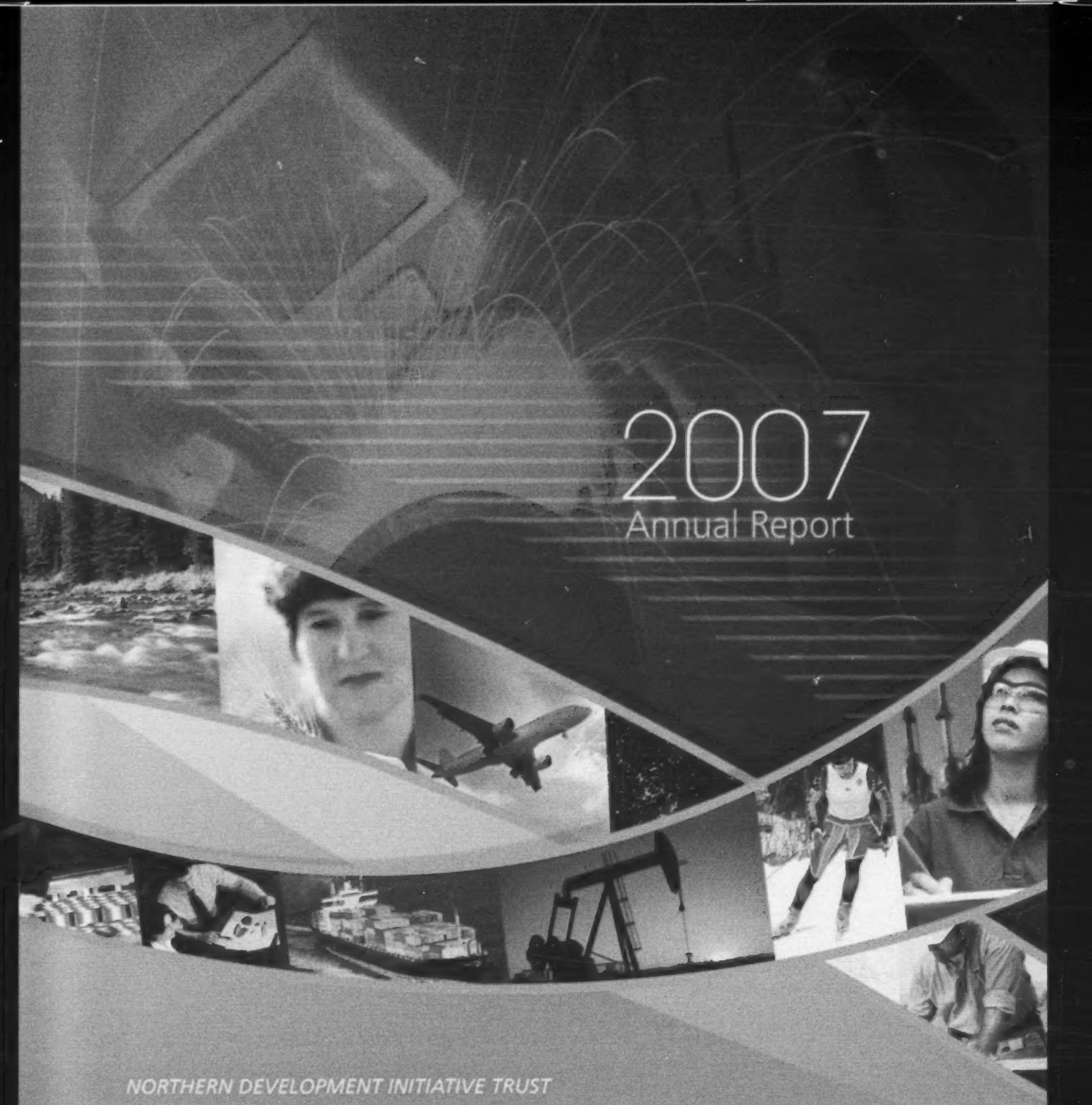

2007 Annual Report

NORTHERN DEVELOPMENT INITIATIVE TRUST

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An Introduction to the Northern Trust

The Northern Development Initiative Trust (Northern Trust) was established in October 2004 by the BC provincial government to provide economic development opportunities for central and northern British Columbia. The governing legislation is the Northern Development Initiative Trust Act.

The Northern Trust had two initial capital start-up deposits from the Government of British Columbia in 2004 and 2005 totaling $185 million. It is required by legislation to have seven accounts: the Operating Endowment, Cross Regional, Northeast (Peace) Regional Development, Prince George Regional Development, Northwest Regional Development, Cariboo-Chilcotin/Lillooet Regional Development, and the Pine Beetle Recovery accounts.

This regional economic development trust corporation is a catalyst for communities to reach their economic potential. It covers over 70% of the Province from Lytton to Fort Nelson and from Valemount to the Queen Charlotte Islands. Forty incorporated communities, ten regional districts and many First Nations communities are located within the Northern Trust area.

The Trust provides the funding and framework for a board of thirteen directors to work with community and business leaders to identify and pursue new opportunities for stimulating economic growth and job creation in their regions. The Trust has four regional advisory committees that each nominates two of their local government members to the Board. The four regional advisory committees consist of elected officials of municipalities, regional districts and local members of the legislative assembly. The British Columbia Government appoints five other non-elected directors to the Board, generally from the business community.

The Board has two internal committees. The Finance Committee oversees the audit process, budget accountability, and investment manager performance. The Executive Committee approves board meeting agendas and meets monthly with the Chief Executive Officer and staff.

The Northern Trust actively engages a diverse range of local, regional and provincial stakeholders. As we continue to build our stakeholder network through the Board of Directors, the regional advisory committees and staff, our goal is to enhance the economic performance of our communities and partners. This vital stakeholder network enables us to generate links between people, share useful information and fill gaps. There is a need in the North to create "bridges" between a variety of organizations, regions, communities and endeavors so that central and northern BC can quickly and efficiently benefit from the collective contributions of the network.

The intent of the Northern Development Initiative Trust is to stimulate sustainable economic growth and job creation within the Trust area. There are five notable funding programs available through the Northern Trust that aim to facilitate its objective to help communities to reach their economic potential; they are:

- Regional Development Program
- Cross Regional Program
- Pine Beetle Recovery Program
- Community Funding Programs
  - Small Community Grant Writer Program
  - Matching Grants for Community Foundations Program
  - Annual Economic Development Funding Program
- Business Competitiveness Program

Application guides have been developed for each funding program and they are available for download on the Northern Trust website at **www.nditrust.ca**. Applicants are encouraged to review the relevant application guide document for detailed information regarding application deadlines, processes, contact information and specific program criteria prior to submitting an application to the Northern Trust.

The funding is specifically targeted toward investments in self sustaining projects that support the following economic development categories as defined by legislation:

- Tourism
- Economic Development
- Forestry
- Olympic Opportunities
- Small Business
- Transportation
- Agriculture
- Energy
- Mining
- Pine Beetle Recovery

Northern Trust Regions

The Northern Development Initiative Trust covers over 70% of the land base of British Columbia and is segmented into four regions for economic development. A sampling of approved projects is represented by marks on the map covering a vast majority of the Trust area.

Legend

- Northeast Regional Development Account
- Northwest Regional Development Account
- Prince George Regional Development Account
- Cariboo-Chilcotin/Lillooet Regional Development Account
- Cross Regional Account
- Pine Beetle Recovery Account

The Trust office is centrally located in Prince George and there are currently six employees of the Trust:

Janine North - Chief Executive Officer
Bryan Lockhart - Chief Financial Officer
Katherine Voigt - Economic Development Manager
Brodie Guy - Economic Development Manager
Karen Borden - Executive Assistant
Nadine Sharma - Client Services Clerk

Message from the Chair and CEO

Bruce Sutherland
Chair
Northern Development
Initiative Trust

The Northern Development Initiative Trust is continuing to "ramp-up" dramatically in its goal to work with central and northern British Columbia communities to reach their economic potential. The Board of Directors and staff are very committed to innovation and partnership with our communities, industry and other funders to make this trust a long term catalyst for wealth creation and diversification. The Northern Trust will continue to model sustainability and leveraging, and to provide communities with programs that are focused on helping them to enhance and market their assets to industry and the world.

In 2007, the Northern Trust partnered with the Union of BC Municipalities, the BC 2010 Olympic and Paralympic Winter Games Secretariat and Western Economic Diversification Canada on an exciting project to establish the BC Stories and BC Explorer initiative focused on our forty communities. The BC Stories project will create "media ready" local stories for the 2008 Summer Olympics in Beijing and the 2010 Winter Olympics in Whistler, BC. The BC Explorer project will create kiosks at Olympic venues, which will feature high definition film footage of our areas. These stories will provide a legacy for communities in that they will encourage visitors and investors to come to BC well into the future.

Not only have 108 projects with economic diversification outcomes been announced since the Trust began operations in 2005, but each community will have substantially more resources to focus on industry attraction and economic development with the addition of the new $1.75 million Annual Economic Development Funding program. This innovative program will annually disburse $35,000 to every local government for incremental staffing, programs and collaborative projects with other communities, industry and economic development agencies. In addition, our smallest local governments, with populations of less than 3,000 residents, are eligible to receive a $7,500 grant towards the recruitment of a grant writer through the Small Community Grant Writer program. In 2007, there were amazing results with this program and 19 communities utilized $142,500 from the Trust to staff positions that applied for $4.6 million in new grant funding. For all of our smaller communities, any new dollar spent in the community is an "economic development dollar" and the potential 3200% return on this investment by the Northern Trust in grant dollars flowing back to the communities is exceptional.

In late fall 2007, the Trust proudly celebrated the 100th project approval in Telkwa with the announcement of a major loan guarantee in support of the construction of an abattoir and meat processing plant by the Northwest Premium Meat Cooperative. We were joined by the Honourable Colin Hansen, Minister of Economic Development, and approximately 100 agricultural producers from the Bulkley Valley east through to the Nechako Valley. The Northwest Premium Meat Cooperative processing plant was supported by every locally elected leader from Prince George through to the Queen Charlotte Islands. The Northern Trust continues to demonstrate that decisions that are made "in the North, by the people of the North" is a model that works!

The downturn that the forest industry experienced in 2007 and the hiatus in the Galore Creek Mine development emphasized urgency to diversify northern BC's economic drivers. The Board participated in the September 2007 celebrations to open the Prince Rupert Container Port, and in October 2007 attended the opening of the CN Rail intermodal container facility in Prince George. These developments tied in with the expansion of the Prince George Airport runway and the commencement of technical stop servicing of international cargo flights in 2008. This, along with direct passenger/cargo service to Seattle, will begin to attract a great deal of interest and investment to the region as a whole. The Board continues to financially

support the developments at the Smithers and Northwest regional airports and looks forward to playing a role in ensuring that community voices are heard in planning the next generation of BC and Canada's "Gateway Infrastructure Investments".

An industrial land inventory study was commissioned through Landcor which demonstrated the need for additional Crown land to be made available for central and northern communities to fully capitalize on attracting industry and manufacturing that will find competitive advantages in locating in our region and creating new job opportunities and wealth in our communities. We continue to work with the communities, BC's Integrated Land Management Bureau and the federal department of Western Economic Diversification to ensure that the inventory of "shovel ready" industrial land sites is available and marketed with our exceptional value of lower than 1/10th of the land values in the lower mainland and other urban North American cities.

The first investment for the Pine Beetle Recovery program was a $750,000 grant contribution in partnership with Geoscience BC for the Quesnellia Geoscience Study. The 46,000 square kilometre area attracted over 780,000 hectares in new staking following the project announcement in the summer of 2007. The release of very positive data regarding the previously unknown mineral assets of the region at the Association of Mineral Exploration Round-Up convention in January 2008 resulted in a considerable increase in staking activity. The Trust will track the results in exploration spending across our region over the next five years. Exploration success, the development of new hydro transmission, road infrastructure, and the expeditious permitting of new mines is critical for continued growth in revenue generation for our communities and all of British Columbia.

We would like to acknowledge the support and partnership of the Pine Beetle Coalitions in having their representatives work with us to review all of the applications to the Pine Beetle Recovery program.

Finally, the Board acknowledges that economically vibrant communities need local community foundations to take care of their own needs around quality of life and enhancing services for their residents. The Matching Grants for Community Foundations program provides up to $50,000 in matching grants for the establishment of any community foundation or account in a regional community foundation within the Northern Trust area. In 2007, the communities of Lillooet, Quesnel, Logan Lake, Burns Lake, Valemount, and Prince Rupert all benefitted from the generosity of their communities in matching $225,000 in the funds available from the Trust to grow community foundations in central and northern BC.

The Northern Trust is committed to maintaining its focus on economic development, growth and establishing partnerships with communities and innovative leaders who share a passion for actively pursuing strategic investment opportunities. We look forward to even more strategic investments in the future.

Janine North
Chief Executive Officer
Northern Development
Initiative Trust

Vision and Mission

The Board of Directors of the Northern Trust holds a vision of the future for the Trust regions.

OUR VISION

Northern BC has world-class industries, diversified regional economies and growing, energetic communities.

The Board has formulated their mission to express how they see the Northern Trust as contributing to this vision of northern British Columbia.

OUR MISSION

To be a catalyst for northern BC to grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments.

2007 Board of Directors

Bruce Sutherland, President - Wolftek Industries Ltd., Prince George, BC, Chair
Mayor Christene Morey - Town of Fort Nelson, BC, Vice Chair
Mayor Nate Bello - City of Quesnel, BC
Mayor Ella Brown - District of Logan Lake, BC
Mayor Jim Eglinski - City of Fort St. John, BC
Stephanie Forsyth - President - Northwest Community College, Terrace, BC
Mayor Len Fox - District of Vanderhoof, BC
Hugh Jones - H.S. Jones Management, Williams Lake, BC
Mayor Colin Kinsley - City of Prince George, BC
Lita Powell - Licar Property Management, Taylor, BC
Mayor Sharon Smith - District of Houston, BC
Mayor Jack Talstra - City of Terrace, BC
Paulette Flamond - Northeast Aboriginal Business Centre, Fort St. John, BC

The Trust is managed by a board of thirteen directors of which eight are elected officials and five are business leaders appointed by the Government of British Columbia.

Officers

Janine North - Chief Executive Officer
Bryan Lockhart - Chief Financial Officer

2007 Regional Advisory Committees

Northeast Regional Advisory Committee

Mayor Evan Saugstad - District of Chetwynd, RAC Chair
Mayor Calvin Kruk - City of Dawson Creek
Mayor Christene Morey - Town of Fort Nelson, Northern Rockies Regional District
Mayor Mike Caisley - District of Tumbler Ridge
Mayor Lenore Harwood - District of Hudson's Hope
Karen Goodings - Peace River Regional District
Mayor Jim Eglinski - City of Fort St. John
Mayor Fred Jarvis - District of Taylor
Mayor Barbara Smith - Village of Pouce Coupe
Director Tim Caton - Peace River Regional District
MLA Blair Lekstrom - Peace River South
MLA Richard Neufeld - Peace River North

Northwest Regional Advisory Committee

Mayor Jim Davidson - Town of Smithers, RAC Chair
Mayor Angela Brand Danuser - District of Stewart, RAC Vice-Chair
Mayor Alice Maitland - Village of Hazelton
Councillor Andy Burton - Village of Burns Lake
Mayor Dave MacDonald - District of Port Edward
Director Jeremy Penninga - Bulkley-Nechako Regional District
Mayor Barry Pages - Village of Masset, Chair, Skeena-Queen Charlotte Regional District
Brian Lande - Chair, Central Coast Regional District
Mayor Cory Delves - Village of Port Clements
Mayor Gerald Ewald - Village of Granisle
Mayor Herb Pond - City of Prince Rupert
Mayor Pieter Weeber - District of New Hazelton
Mayor Sharon Hartwell - Village of Telkwa
Mayor Carol Kulesha - Village of Queen Charlotte
Mayor Jack Talstra - City of Terrace
Councillor Bob Corless - District of Kitimat
Mayor Sharon Smith - District of Houston
Director Fred Roisum - Kitimat - Stikine Regional District
MLA Robin Austin - Skeena
MLA Gary Coons - North Coast
MLA Dennis MacKay - Bulkley Valley - Stikine

Prince George Regional Advisory Committee

Director Art Kaehn - Chair, Regional District of Fraser-Fort George, RAC Chair
Mayor Stephanie Killam - District of Mackenzie
Mayor Michael Frazier - Village of McBride
Mayor Len Fox - District of Vanderhoof
Mayor Richard Bisanz - Village of Fraser Lake
Mayor Colin Kinsley - City of Prince George
Mayor Rob McDougall - District of Fort St. James
Mayor Jeanette Townsend - Village of Valemount
Director Sonny Beck - Regional District of Bulkley-Nechako
MLA John Rustad - Prince George-Omineca
MLA Shirley Bond - Prince George-Mount Robson
MLA Pat Bell - Prince George North

Cariboo-Chilcotin/Lillooet Regional Advisory Committee

Mayor Christ'l Roshard - District of Lillooet, RAC Chair
Mayor Nate Bello - City of Quesnel
Mayor Chris O'Connor - Village of Lytton
Councillor Helen Kormendy - Village of Ashcroft
Mayor Donna Barnett - District of 100 Mile House
Mayor Scott Nelson - City of Williams Lake
Mayor Roland Stanke - Village of Clinton
Mayor Ella Brown - District of Logan Lake
Mayor John Ranta - Village of Cache Creek
Mayor Jay Vermette - District of Wells
Director Jon Wolbers - Cariboo Regional District
Director Ted Armstrong - Cariboo Regional District
Director Russ Oakley - Squamish-Lillooet Regional District
Director Mickey Macri - Squamish-Lillooet Regional District
Director Sally Watson - Thompson-Nicola Regional District
Director Barry Tait - Thompson-Nicola Regional District
MLA Bob Simpson - Cariboo North
MLA Charlie Wyse - Cariboo South
MLA Harry Lali - Yale/Lillooet

Pine Beetle Task Team includes directors or representatives from:

Northern Development Initiative Trust
Omenica Beetle Action Coalition
Cariboo-Chilcotin Beetle Action Coalition
Southern Interior Beetle Action Coalition
Northeast communities
First Nations Leadership Council

Impacts on the Economy of Central and Northern BC

Over the first 10 years of the Northern Trust's operating life from 2005 to 2015, the Board has a goal of approving investments of up to $200 million in projects and attracting between $500 million and $1 billion in capital from other sources so that the total investments in infrastructure and economic development in the Trust regions exceeds $1 billion. The goal is to have a balance over $200 million at the end of 2015 so that the entire process can be repeated again over 10 year increments on a sustainable basis.

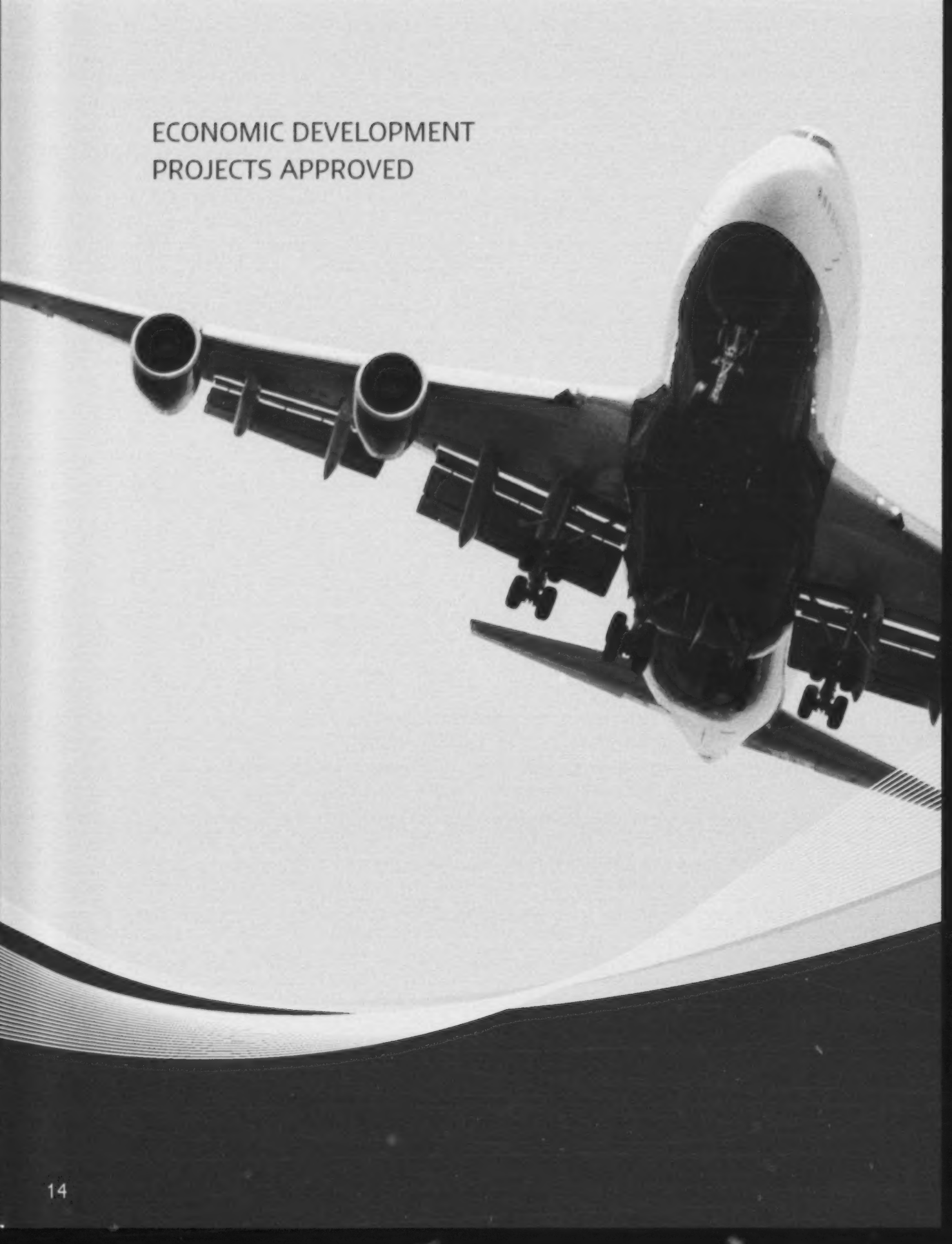
In order to determine the impacts of the Northern Trust investments on the economy, project proponents provide annual reporting of the key economic benefits of each project for a five year period. Through this annual reporting process, the Trust is able to report back to the public of central and northern BC on positive effects that these projects have had on the regional economy. The three mandatory performance measures are leveraging of other funding, job creation and revenues. Other performance measures that are submitted annually for projects outline many other local impacts that the projects and infrastructure construction are having on the economy.

A key objective of the Trust is to be a catalyst in the area of job creation. Through the 108 active projects in their startup phase, over 115 construction positions were created during 2007, injecting over $10 million in wages and over $16 million in supplies into the economies of central and northern BC. In addition, 30 full time jobs were created contributing an additional $1.2 million to the annual payroll in central and northern BC.

Late in 2006, Initiatives Prince George completed the "Container Terminal Opportunity Study". The Northern Trust contributed $20,000 towards the study. The study was directed by Initiatives Prince George and other funding partners were the Port of Prince Rupert, the Prince George Airport Authority, CN Rail, Community Futures Development Corporation of Fraser-Fort George, the Province of BC's Ministry of Economic Development, and the Quesnel Community and Economic Development Corporation. This study delivered on several key objectives that included: volume opportunities for intermodal distribution of BC products by stuffing containers for export; opportunities for intermodal operations in northern BC; forecast of the potential economic benefits; further economic development and diversification for communities along the rail corridor; opportunities to integrate air cargo and surface container traffic; community planning requirements and recommendations for action. The results of this study were presented to the public on November 6, 2006 and then communicated directly to community leaders along the corridor. Directly linked to this study was the March 30, 2007 announcement by CN Rail to invest $20 million in an intermodal container stuffing facility located in Prince George. The intermodal facility will create 20 direct full time jobs and an undetermined number of indirect jobs. Construction on the site began immediately following the announcement and the grand opening was held on November 23, 2007.

Economic development activity and planning have also proven to boost many smaller central and northern communities which have been able to attract new investment as measured by business startups, totaling seven new businesses in the area directly associated with Northern Trust projects. In addition, the program which supports the hiring of grant writers for small communities with a population of less than 3,000 people has resulted in $4.6 million in grant applications, many of which are not requesting funding from the Northern Trust. This is an example of how the Northern Trust acts as a catalyst to draw new grants and economic activity into even our smallest communities. The first year results of this program have exceeded expectations and encouraged the Board to make it a permanent program offered every year by the Northern Trust.

ECONOMIC DEVELOPMENT PROJECTS APPROVED



Province of British Columbia Funding Announcement for the Expansion of the Prince George Airport

On September 21, 2007, members of the public, federal and provincial leaders, local dignitaries, and directors and staff of the Northern Trust were excited to attend the Province of British Columbia's funding announcement for the expansion of the Prince George Airport. The Northern Trust, the Government of Canada and the Province of British Columbia partnered to ensure the success of this important regional initiative. Construction began immediately to extend the runway from 7,400 feet to 10,400 feet, and the runway extension is scheduled to be completed in the fall of 2008. Once complete, the expanded runway will enable air cargo flights from Asia and the eastern United States to land and refuel enroute to their destinations on the "Great Circle Route". This project will be the key driver of additional job creation investments for air cargo warehousing, freight forwarding and technical service.

Province of British Columbia Funding Announcement for the Expansion of the Prince George Airport

ECONOMIC DEVELOPMENT PROJECTS APPROVED

	APPROVED AMOUNT	TOTAL PROJECT BUDGET
2005-2006 PROJECT APPROVALS	**$26,402,464**	**$169,413,224**

2007 PROJECT APPROVALS

CARIBOO-CHILCOTIN/LILLOOET REGIONAL DEVELOPMENT ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
Village of Ashcroft	Curling Rink Roof Replacement	GRANT	$13,450	$40,765
District of Lillooet	Community Foundation Matching Grant	GRANT	$50,000	$100,000
Interlakes Snowmobile Club	Interlakes Trail System	GRANT	$10,000	$40,905
Kersley Community Association	Kersley Hall Expansion	GRANT	$30,000	$275,000
District of Lillooet	Community Profile Promotional DVD	GRANT	$8,000	$28,000
District of Lillooet	Tourism Website	GRANT	$4,000	$14,000
District of Lillooet	Signage	GRANT	$5,600	$19,600
Cache Creek Chamber of Commerce	Community Information Billboard	GRANT	$4,900	$17,670
District of 100 Mile House	Historic Martin Exeter Hall/Lodge Upgrades	GRANT	$24,135	$80,450
Quesnel Community Foundation	Community Foundation Matching Grant	GRANT	$50,000	$100,000
New Pathways to Gold Society	Supporting BC 150 Events in our Cariboo and Southern communities	GRANT	$243,080	$378,080
North Cariboo Marketing Team	North Cariboo Marketing Team	GRANT	$20,000	$210,000
SUB TOTAL CARIBOO-CHILCOTIN/LILLOOET REGIONAL DEVELOPMENT ACCOUNT			**$463,165**	**$1,304,470**

2007 PROJECT APPROVALS

NORTHEAST REGIONAL DEVELOPMENT ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
Moberly Lake Volunteer Fire Department Society	Moberly Lake Water Recharge System	GRANT / LOAN	$100,000	$329,128
SUB TOTAL NORTHEAST REGIONAL DEVELOPMENT ACCOUNT			**$100,000**	**$329,128**

NORTHWEST REGIONAL DEVELOPMENT ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
District of Port Edward	Infrastructure Development - Expansion	GRANT / LOAN	$350,000	$3,000,000
District of Houston	District Heating System	GRANT / LOAN	$500,000	$2,400,000
Village of Telkwa	Property Development Infrastructure	GRANT / LOAN	$350,000	$2,077,000
District of Kitimat	Sam Lindsay Memorial Pool Retrofit	GRANT / LOAN	$1,653,563	$13,820,000
Prince Rupert Regional Community Foundation	Community Foundation Matching Grant	GRANT	$50,000	$100,000
Laxgalts'ap First Nations	Laxgalts'ap Log & Timber Construction School	GRANT / LOAN	$375,000	$1,551,060
Village of Burns Lake	Community Foundation Matching Grant	GRANT	$25,000	$50,000
Skidegate Band Council	Qay'llnagaay Heritage Centre	LOAN	$500,000	$3,088,400
Lakes District Airport Society	Baker Airport Terminal Construction	GRANT	$80,000	$415,584
TEDA & Regional District of Kitimat Stikine	Lower Skeena Geochemical Survey Re-analysis	GRANT	$10,000	$30,000
Village of Burns Lake	BC Spirit Square	GRANT	$62,800	$500,000
SUB TOTAL NORTHWEST REGIONAL DEVELOPMENT ACCOUNT			**$3,956,363**	**$27,032,044**

PRINCE GEORGE REGIONAL DEVELOPMENT ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
Village of Fraser Lake	Ice Arena Rehabilitation	GRANT	$30,000	$772,850
Village of Valemount	Community Foundation Matching Grant	GRANT	$50,000	$100,000
Cluculz Lake Community Recreation Association	Cluculz Lake Community Hall Upgrade	GRANT	$30,000	$145,996
Endako Hall Society	Endako Hall Renovation	GRANT	$10,153	$51,652
SUB TOTAL PRINCE GEORGE REGIONAL DEVELOPMENT ACCOUNT			**$120,153**	**$1,070,499**

2007 PROJECT APPROVALS

CROSS REGIONAL ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
Northwest Premium Meat Cooperative	Abattoir & Packing Plant	LOAN GUARANTEE	$433,000	$1,576,342
Smithers Exploration Group & Northwest Community College	School of Exploration & Mining - Phase 2	GRANT	$100,000	$1,415,000
BC Enterprising Non-Profits Program	Enterprising Non-Profits Program	GRANT	$61,000	$271,400
UBCM Community Tourism Funds	2010 Commerce – BC Stories, BC Explorer	GRANT	$250,000	$750,000
District of Logan Lake	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Hazelton	2007 Grant Writer Program	GRANT	$7,500	$10,000
Central Coast Regional District	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Masset	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Pouce Coupe	2007 Grant Writer Program	GRANT	$7,500	$10,000
District of Wells	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Port Clements	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Ashcroft	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Telkwa	2007 Grant Writer Program	GRANT	$7,500	$10,000
District of Stewart	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Queen Charlotte	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Granisle	2007 Grant Writer Program	GRANT	$7,500	$10,000
Cariboo Regional District	2007 Grant Writer Program	GRANT	$7,500	$10,000
Bulkley-Nechako Regional District	2007 Grant Writer Program	GRANT	$7,500	$10,000
District of 100 Mile House	2007 Grant Writer Program	GRANT	$7,500	$10,000
District of Taylor	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Cache Creek	2007 Grant Writer Program	GRANT	$7,500	$10,000
South Moresby Island Management Committee	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Lytton	2007 Grant Writer Program	GRANT	$7,500	$10,000
District of Mackenzie	2007 Grant Writer Program	GRANT	$7,500	$10,000
Village of Clinton	2007 Grant Writer Program	GRANT	$7,500	$10,000
District of New Hazelton	2007 Grant Writer Program	GRANT	$7,500	$10,000
SUB TOTAL CROSS REGIONAL ACCOUNT			**$1,009,000**	**$4,232,742**

2007 PROJECT APPROVALS

PINE BEETLE RECOVERY ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
Geoscience BC	Quesnellia Exploration Strategy	GRANT	$750,000	$5,240,000
Geoscience BC	New Seismic Data - Southern Nechako Basin	GRANT	$534,000	$2,634,000
SUB TOTAL PINE BEETLE RECOVERY ACCOUNT			**$1,284,000**	**$7,874,000**

OPERATING ENDOWMENT ACCOUNT

COMMUNITY OR SPONSOR	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT BUDGET
Northern Development Initiative Trust	Northwest Corridor & Manufacturing Strategy	GRANT	$50,000	$191,845
SUB TOTAL OPERATING ENDOWMENT ACCOUNT			**$50,000**	**$191,845**

2007 TOTAL PROJECT APPROVALS	**$6,982,681**	**$39,446,327**
PROJECT APPROVALS SINCE INCEPTION TO DECEMBER 31, 2007	**$33,385,145**	**$211,447,951**

Project Investment Spotlight

Business Competitiveness Program

Northern Trust is excited to launch a new funding program to assist the manufacturing sector located in the 40 communities of the Northern Trust region to grow their revenues and become more competitive.

Beginning January 2008, a new partnership program between the Northern Trust and BDC Consulting (Business Development Bank of Canada) will support central and northern BC manufacturers, processors and their suppliers to grow their businesses, implement world class practices, and be more competitive in the global market. Through this two year strategic partnership agreement, eligible small and medium sized businesses, or a consortium of businesses, can apply to receive expert management consulting to address their challenges to growth, improving competitiveness and profitability. The Northern Trust Business Competitiveness program will reimburse eligible businesses 50% of the consulting fees. A total of $1.5 million has been set aside for this purpose.

"We are confident that by teaming up with BDC in this way, Northern Trust will further help strengthen the manufacturing sector in the region and that this will, in turn, create more business and employment opportunities," says Bruce Sutherland, Chair of the Northern Trust.

The 3 goals of the program are to:

1. Increase the productivity, profitability and capacity of existing manufacturers in the communities from Lytton north to Fort Nelson and Valemount west to the Queen Charlotte Islands;
2. Create more employment opportunities by attracting new manufacturing businesses to the region; and
3. Increase the region's management consulting capacity.

Working together to grow Northern BC manufacturers

BDC Consulting has a national network of independent, specialized consultants focused on small and medium-sized businesses that can assist BC's manufacturing sector in areas such as:

- **Business planning and management**
- **Operational efficiency**
- **Marketing and exporting**
- **Innovation and R&D projects**
- **Human resources management**
- **Business transition**
- **Certification standards**

"This agreement will ensure that BDC reaches out to more local businesses with support in dealing with today's business realities," says Renata Pylypiv King, Vice President, Consulting, BDC.

"It is a perfect fit with the mandates shared by BDC Consulting and the Northern Trust to support economic development in central and northern BC."

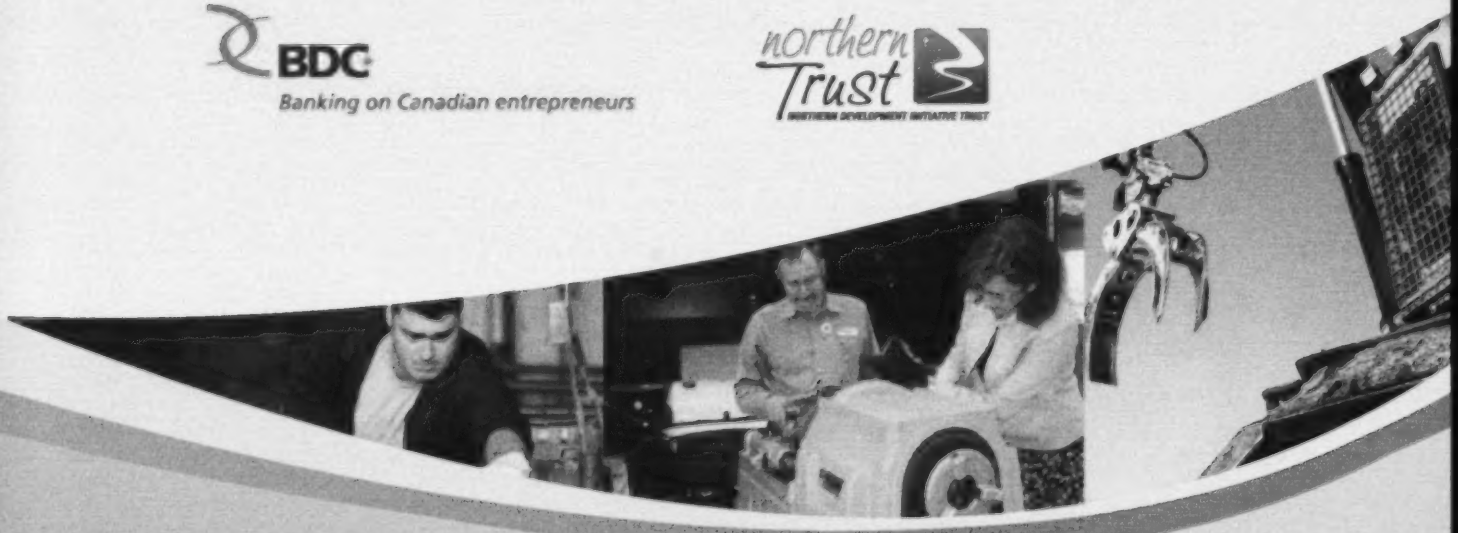
Businesses can contact BDC for further details on the program and to discuss business needs or opportunities. Applicants need not be BDC clients to apply. Confirmation of eligibility for funding support is determined within two business days. In the 2008 Annual Report, the first year's outcomes for this new program will be reported to the public.

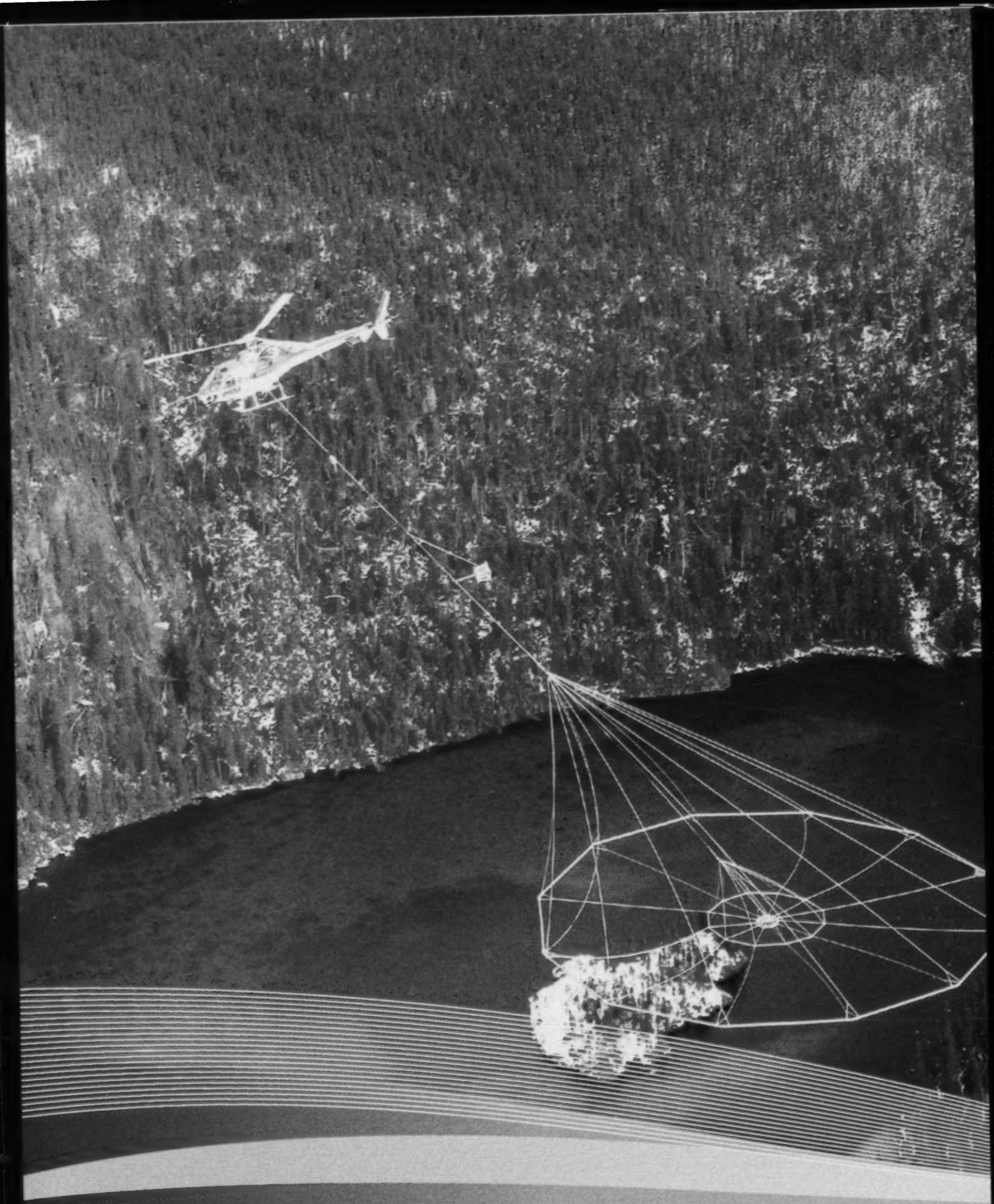
Entrepreneurs can apply for funding by contacting the following BDC branch locations:

Fort St. John: 250 787 7096
Prince George: 1 800 663 5724
Kamloops: 1 800 809 8802
Terrace: 1 800 663 5035

BDC
Banking on Canadian entrepreneurs

northern Trust





Helicopter carrying electromagnetic survey equipment

QUEST Project (Quesnellia Exploration Strategy)

In June 2007, Northern Trust, in partnership with Geoscience BC, launched the largest public geoscience project in the history of the Province. The $5 million QUEST (Quesnellia Exploration Strategy) project is surveying a 46,000 square kilometer area, extending from Williams Lake to northwest of Mackenzie, to uncover mineral potential beneath the Mountain Pine Beetle-infested forests of British Columbia. The communities of Mackenzie, Fort St. James, Prince George, Quesnel, Wells, and Barkerville are within the project area.

Northern Trust Chair Bruce Sutherland stated "The (Northern Trust) Board was compelled to help our communities become more resilient and diversify their economies by focusing the attention of BC mining and exploration companies on this area. Certainly recent discoveries like Kwanika, found by Serengeti Resources, have been huge news in the investment markets in Vancouver and internationally. We are excited about all of the new geoscience and geochemistry information that will be made publicly available in the spring of 2008, and the potential $8-12 million of exploration that is predicted to follow as a result of this work, providing new revenues for the businesses in Northern Trust communities."

Mineral claim staking in the central BC Mountain Pine Beetle Infestation Area has skyrocketed in anticipation of the release of initial results from the $5 million QUEST (Quesnellia Exploration Strategy) mineral exploration project - the largest mineral exploration geoscience project of its kind in the Province.

Since the QUEST project was announced in June 2007, almost 1,760 mineral claims have been staked in the central BC geophysical survey area by 114 companies or individuals. These claims cover over 800,000 hectares of land. This brings the total mineral claims in the area to over 6,000 held by more than 300 companies or individuals, covering approximately 2 million hectares.

Building on the Trust and Geoscience BC investment in 2007, Fjordland Exploration Inc. and Serengeti Resources Inc. announced on March 31, 2008 that they are jointly investing an additional $600,000 in 2008 for 720 line-kilometres of new data collection. Both junior mining companies have discovered significant copper-gold deposits in the Quesnel Trough as a result of drilling based on the intelligence provided by the airborne surveys.

"The data sets released are the first in a series that will help unlock central BC's mineral potential," said Dr. 'Lyn Anglin, President and CEO of Geoscience BC. "The electromagnetic survey will help identify different rock types that may be associated with mineralization and will aid in determining the thickness of glacial cover. The enormous wealth of new information will help guide industry in targeting their mineral exploration programs."

Central BC has yielded some important copper and copper-gold deposits over the years resulting in mineral discoveries that led to the opening of the Mount Polley and Gibraltar mines in the southern portion of the target area, and the ongoing exploration of the Mt. Milligan copper-gold deposition to the North. Large parts of this area still remain largely unexplored due to a cover of glacial material (sand and gravel) in the region. The QUEST project was designed to help "see through" this cover of glacial material to the prospective rocks below using leading edge exploration technologies.

In addition to the airborne electromagnetic survey, the QUEST project involves an airborne gravity survey of the project area which is presently underway. Airborne gravity surveys measure the density of rocks and help identify different rock types and potential mineralization targets in the subsurface. Results from this survey are expected to be available in the spring of 2008.

The QUEST project also includes the analysis of new geochemical samples collected from streams and lakes in the region to identify trace minerals. More than 2,000 new geochemical samples have been collected in the project area for analysis and documentation.

On April 1, 2008, Geoscience BC announced the release of preliminary data from the new lake sediment geochemistry and preliminary airborne gravity images collected as part of the QUEST project. Immediate demand for downloads of the images and data was extremely high and a further 48,000 hectares of new staking occurred in the study region within just a couple of days.

Mining is a significant driver of economic activity from exploration, testing, air surveys and other services and supplies, with the ultimate goal being the development of a commercial mine. This sector has the potential to create in excess of 400 jobs for mine construction and 200-300 jobs to operate an individual mine.

Northwest Premium Meat Co-op

2007 was a milestone year for the Northern Trust with the celebration of the 100th project announcement at the Northwest Premium Meat Co-operative Abattoir and Processing Facility on December 13th. The Trust approved a major loan guarantee from the Cross Regional account for up to $433,000 in support of the construction of the abattoir and meat processing plant located in Telkwa, BC. The loan financing and the Northern Trust guarantee will be delivered through, and administered by, the Bulkley Valley Credit Union in Smithers, BC.

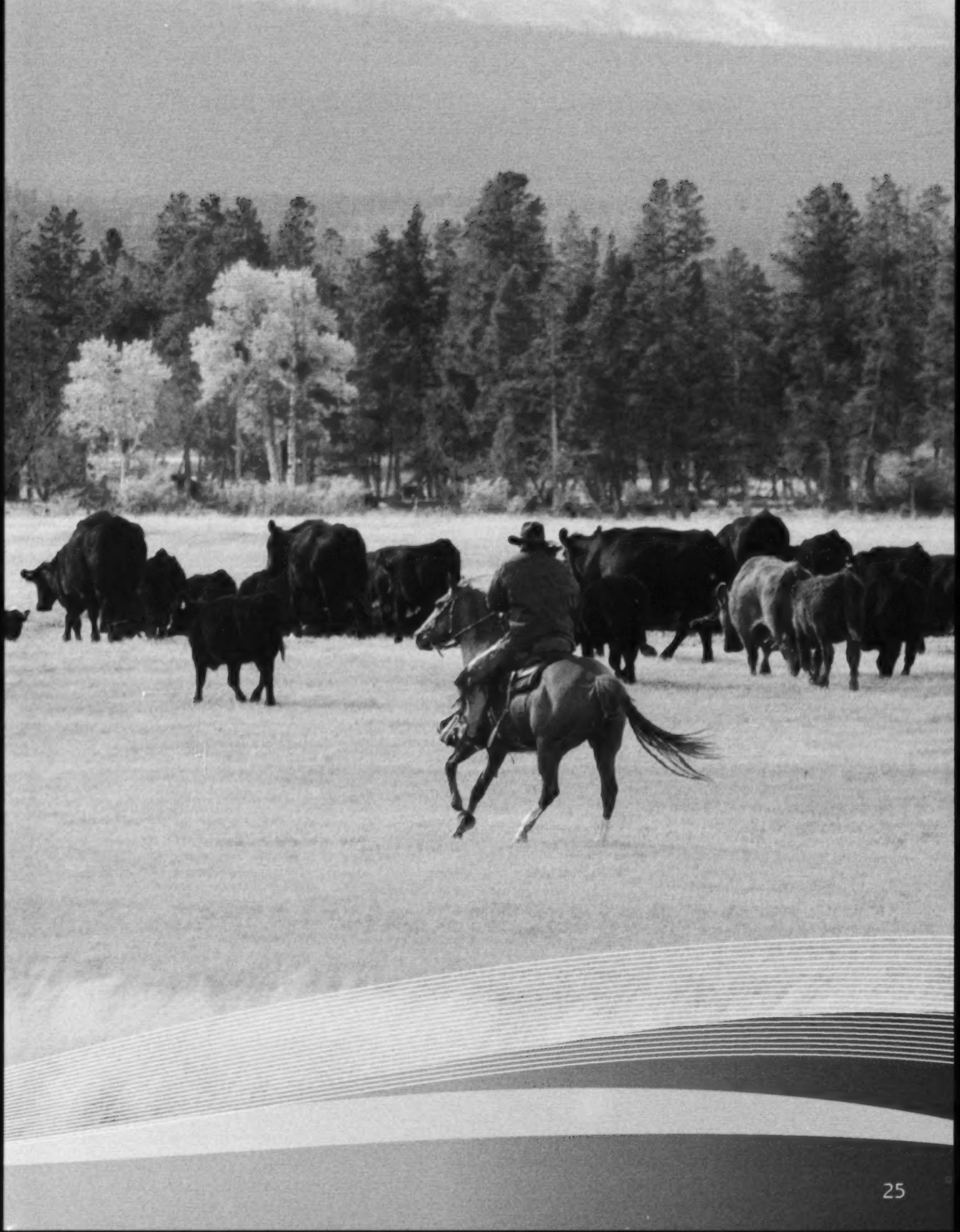
The Northwest Premium Meat Co-op will provide new revenue streams for regional farms by providing healthy, safe meat products directly to local consumers. Building upon their pride in the responsible husbandry of healthy animals, agricultural producer members of the Co-op will further ensure the safety of the meats they grow by owning an abattoir and processing facility. These quality products will be marketed regionally in communities along the Highway 16 corridor and sales are estimated to reach $1.5 million in the first year of operations.

Currently, the Northwest Premium Meat Co-op has 135 members, including 80 producers. It is expected that 13 direct jobs will be created initially at the Co-op with an expected payroll of $433,296, and another 2 positions are expected by the third year of operation, engaged in production, sales, shipping and deliveries. There will also be approximately 60 indirect jobs created among 854 farms, which are located within the supplier ranching community.

At the announcement, Northern Trust Chair Bruce Sutherland confirmed that "This project received strong support by communities from the Nechako Valley to the Bulkley Valley. The Northern Trust is pleased to be involved in a regional initiative that adds value for our agricultural industry and keeps profits and investment in the region."

100th Project Celebration - Telkwa, BC

Donaldson Road Processing Facility



Laxgalts'ap Log and Timber Construction

The Laxgalts'ap Log and Timber Construction project is an exciting new training venture set in scenic Greenville in the Nass Valley, which over the next 5 years will train a minimum of 40 individuals in the art of log building to the high standards newly set by BC's Industrial Training Authority. The community has the unique local assets of a log sort yard where they can hand select building logs for the adjacent log building school, superb local craftsmen, master carvers, and a log carving facility that can turn out custom poles and carvings to adorn the buildings with training and mentoring provided by Robert Savignac, one of the best log home builders in Canada.

Trust funding includes a grant of $50,000 towards the startup of the school and a $325,000 loan for the construction of the school's instructional building. The loan will be secured with a mortgage registered on the 99 year property lease. The Northern Trust Board has approved funding of $375,000 of the total $1,176,000 project budget, with the other funding provided by FORINTEK, Indian and Northern Affairs Canada, Northwest Community College, the Coast Sustainability Trust, Skeena Native Development Society and the Nisga'a Lisms Government.

The vision of unique hand crafted log homes constructed in the Nass Valley has been growing for many years. These homes will have unique features that give the homes a touch of the spiritual heritage of the Nisga'a people. The log home construction business will provide long term employment for 12-17 people in an area that has historically experienced high unemployment. The jobs include: an instructor, eight log builders, a crane operator, three labourers, a maintenance person and one operations/ marketing manager. Additional employment opportunities for the required sub-trades will result, as well as other service providers typically associated with the construction and manufacturing of homes and community structures. There is currently local demand for 130 new homes just in Laxgalts'ap (Greenville) alone. This, in combination with the other Nisga'a communities in the Nass Valley and the new Canada Mortgage and Housing Corporation approved guidelines for log homes, provides a great local market for unique log buildings enhanced by master carvers. The Fairview Container Terminal in Prince Rupert opens up a world of export opportunities for high quality log and timber frame homes that have Nisga'a heritage carved into the design.

The training facility will attract individuals from all over the world who will stay in the Village for their training period, adding value to the tourism industry that is at the early stages of development in the Nass Valley. In 2008, students in the Laxgalts'ap Log and Timber Construction School are coming from not only the communities of the Nass Valley, but also include an international student from Scotland as well as students from the Province of Alberta.

The economic benefits of this project include not only jobs, but pride in ownership and new homes for a community that is hard hit by high unemployment and overcrowding. By building up the economy in Greenville, the Nisga'a people are one step closer to their goals of self sufficiency in a post treaty era.

Laxgalts'ap Log and Timber Construction School

Community Hall and Recreation Facility Grants Featuring Upgrades to the Village of Clinton Recreational Complex

On Sunday, November 5th, a crowd of 250 people gathered outside the Clinton Recreation Centre to celebrate the grand opening of another project funded by the Northern Trust.

With increasingly milder winters, it had become almost impossible to maintain ice in the enclosed outdoor arena and adjacent curling rink in the small town of Clinton (population: 727). A grant for $333,000 from the Northern Trust, along with funding from the Olympic Paralympic Live-Site Program and community fundraising efforts, resulted in a $650,000 project to install cement flooring and refrigerated ice with a common compressor/chiller unit to make both facilities usable for a much greater period of the year

This central community recreation facility now offers the ability to have year round skating, as well as hosting of other events such as concerts, trade shows, farmers markets, and sporting practice for leagues including ice hockey, floor hockey, soccer and lawn bowling. As Mayor Roland Stanke noted while cutting the ribbon at the grand opening, "The community of Clinton is reeling with excitement at the availability of more ice time in the arena and there is nothing I like better than cutting through red tape". Events hosting has been on the upswing and local businesses in Clinton including motels, restaurants, retail stores and service stations are benefitting.

Village of Clinton's Recreational Complex Grand Re-Opening Ceremony

This was one of the very first applications to the Trust Board for assistance in funding recreation facilities in small communities that was received in the summer of 2005. Based on the demand that flowed afterwards, the Board developed a general policy that will allow grants of up to $30,000 to upgrade existing community halls and recreation facilities in any of the communities and rural areas of the Northern Trust regions.

In 2007, the Village of Fraser Lake received $30,000 towards a $772,250 upgrade to their arena, which increased the level of activity that it experienced this winter and allows it to host indoor events and trade shows for years to come.

The rural community of Endako received just over $10,000 towards over $51,000 in renovations required after the local community hall roof collapsed and brought the community together in a massive local fundraising effort. The hall is not only the community centre for activities such as weddings and reunions, but also houses the local farmers market during the summer months.

The Cluculz Lake Community Association received a grant of $30,000 towards $146,000 in repairs and renovations required to alleviate a mould problem that rendered the hall uninhabitable for many local events, including the Bluegrass Festival and the fall fair that are hosted each year.

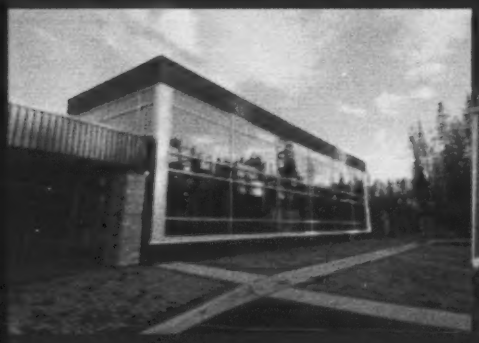
Kitimat embarked on a massive $13.8 million program retrofit of the Sam Lindsay Memorial Pool to add significant new water features, pools, and change rooms including expanded square footage and upgrades to both the mechanical and electrical systems, utilizing a $30,000 grant and a $1.62 million loan from the Community Halls and Recreation Facilities program.

The Village of Ashcroft Curling Rink, the Kersley Community Hall and the Historic Martin Exeter Hall in 100 Mile House also benefited from this program in 2007.

This program is allowing the Northern Trust to help many communities and non-profit groups with maintaining the key facilities that host sport tourism, small conferences and community events, which provide revenues for hospitality and tourism based businesses.

2010 Hockey Tournament in the newly renovated Fraser Lake Ice Arena

Aerial view of the Charles Jago Northern Sport Centre at UNBC



Charles Jago Northern Sport Centre

UNBC Timberwolves playing basketball
in the Charles Jago Northern Sport Centre

Charles Jago Northern Sport Centre

Leveraging

The Northern Trust is involved in funding over 108 projects to date, for a total funding approval of $33.4 million, and continues to see tremendous value in collaborating with other parties on projects. The full project value of the approved investments from 2005 through 2007 is $211.4 million, which includes $178 million in funding from other sources. One of the objectives of the Trust is to leverage investments each year so that $1 of Trust investment is matched with at least $2.50 of investment from other sources. Since the inception of the Trust, projects have leveraged $5.33 from other sources and this has yielded a leveraging measure for total project investments of 633%.

The benefits of leveraging are significant: it draws other funding sources to increase the size of the projects, it involves other groups and resources to ensure the success and completion of projects, and it allows communities to engage in local dialogue on the best use of available funding.

In addition, a significant portion of project funding has been requested in the form of loans. Of the total funding approved to date of $33.3 million, $21.0 million or 63% is repayable to the Trust and will become available in the future for new projects.

	2005	2006	2007	Since Inception	Target
Northern Trust	$1.00	$1.00	$1.00	$1.00	$1.00
Other Sources	$4.97	$5.33	$5.02	$5.33	$2.50
Total Leveraging	**597%**	**633%**	**602%**	**633%**	**350%**

Trust Accounts at December 31, 2007

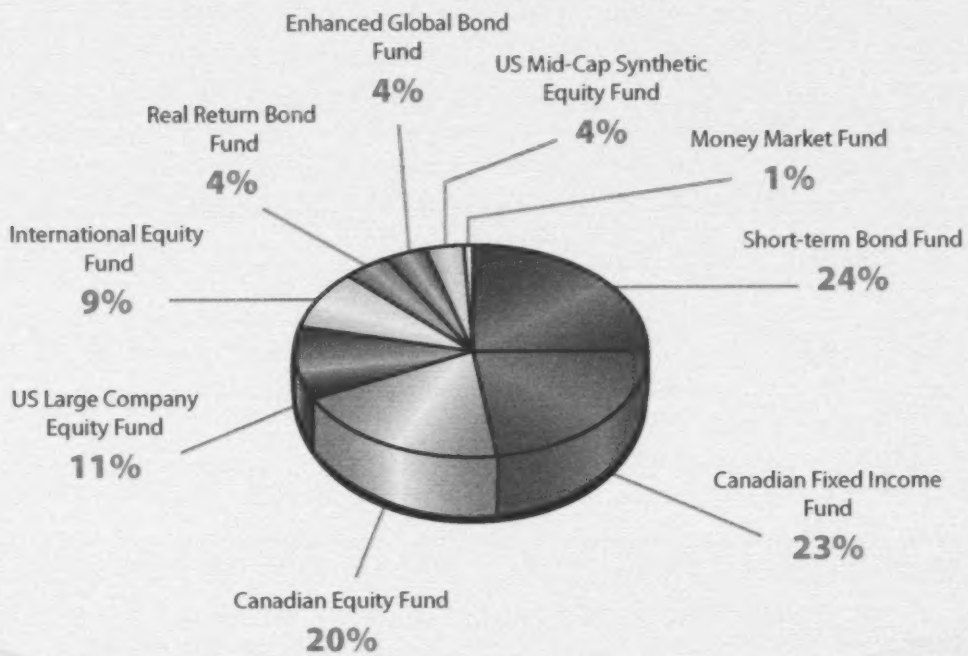
Market Investment Performance

The investment funds of the Northern Trust are held with SEI Investments Canada Company, which also provides investment management services to the Trust. There are seven accounts: the Operating Endowment, Cross Regional, Pine Beetle Recovery, and the four regional development accounts (Northeast, Northwest, Cariboo-Chilcotin/Lillooet, and Prince George).

Each account of the Trust is split between a short term pool and a long term pool. The short term pool is determined by the estimated net cash requirements for the upcoming three year period and is invested in liquid fixed income instruments to ensure cash availability to fund upcoming project requirements. The remaining balance of each account is then considered a long term pool and is invested in a diversified asset allocation for longer term growth and sustainability.

An objective for the long term pool is to achieve an annual rate of return on market investments of at least 7% while minimizing investment risk in order to support the sustainability of the Trust. The objective for the short term pool is to exceed the Scotia McLeod Short Term Corporate Bond Index. Administration and operating costs are funded from the $25 million Operating Endowment account. The investment goal for the Operating Endowment account is to provide an average return of 7%, which would yield $1.75 million to cover the administration of the Trust, with any surplus being directed towards inflation, market risk protection, and additional economic development projects. Returns for the current year were lower than the 7% target at 2%, which was a result of the overall market uncertainty created by the US subprime mortgage issue. Since moving the portfolio to a balanced investment policy mid-way through 2006, the return has averaged 6.4% or very close to our 7% target.

Investment Portfolio at December 31, 2007



Administration Costs

Income from the Operating Endowment account is utilized for the costs associated with the operations of the Trust including program development, staff costs, office space, general administrative costs, and meeting travel costs associated with the Board of Directors, the four regional advisory committees and the Pine Beetle Task Team. The goal of the Trust is to maintain low administrative costs in comparison to other trusts and foundations of a similar size across North America.

Fairview Container Port, Prince Rupert, BC

Operating Endowment Account

	2005	2006	2007
Investment Return	2.8%	9.9%	2.0%
Investment and Other Income	$698,114	$2,497,684	$464,125
Administrative Costs	$642,414	$862,732	$898,388
Surplus in Excess of $25.0 Million at Year End	$55,700	$1,745,303	$1,311,040
Administration Costs as Percent of Average Trust Assets	0.34%	0.43%	0.44%

Sustainability Report

The accounts of the Trust are perpetual, long-term funds with the exception of the Pine Beetle Recovery account. The accounts are invested to provide available cash for project funding and long term growth for future projects. Project funding may be in the form of loans and/or grants. Where loans are approved for projects, all repayments are directed back to the specific account utilized, which then becomes available for additional future community projects.

The following table demonstrates the incredible potential to infuse over $237 million of Trust funding in to the economy by the year 2018. At the actual average leveraging of $1 Trust to $5.33 of other sources experienced in the 2005 to 2007 window, the total project value could exceed $1.2 billion by the end of 2018. Under our minimum current strategic plan target leveraging of $1 Trust to $2.50 of other sources, the total project value will exceed $593 million.

Year	Inflows	Outflows	Investment Portfolio	Loan Portfolio	Trust Balance
2005	$ 3,756,758	$ 845,750	$ 187,268,594	$ 61,500	$ 187,330,094
2006	$ 16,805,082	$ 6,410,837	$ 196,854,759	$ 2,694,793	$ 199,549,552
2007	$ 4,007,527	$ 6,700,726	$ 193,217,406	$ 6,949,032	$ 200,166,438
2008	$ 14,367,190	$ 25,885,000	$ 180,708,234	$ 22,869,832	$ 203,578,066
2009	$ 15,978,605	$ 18,135,000	$ 177,510,910	$ 30,090,632	$ 207,601,542
2010	$ 17,964,076	$ 19,135,000	$ 175,247,010	$ 35,011,432	$ 210,258,442
2011	$ 21,146,282	$ 19,135,000	$ 176,110,667	$ 36,682,232	$ 212,792,899
2012	$ 22,796,609	$ 20,135,000	$ 177,567,270	$ 37,829,032	$ 215,396,302
2013	$ 24,964,531	$ 20,135,000	$ 181,131,544	$ 36,925,832	$ 218,057,376
2014	$ 25,175,856	$ 20,135,000	$ 184,843,880	$ 36,065,832	$ 220,909,712
2015	$ 25,641,607	$ 20,135,000	$ 188,955,542	$ 35,005,832	$ 223,961,374
2016	$ 24,319,136	$ 20,135,000	$ 191,674,985	$ 35,595,832	$ 227,270,817
2017	$ 22,748,180	$ 20,135,000	$ 192,750,238	$ 38,035,832	$ 230,786,070
2018	$ 20,467,525	$ 20,135,000	$ 191,467,939	$ 42,985,832	$ 234,453,771
Total by 2018		**$ 237,192,313**			

Cash inflows are a combination of market returns, loan repayments and interest generated on the loan portfolio. Cash outflows are a combination of loan disbursements, grant disbursements and administration costs. The balance includes market investment portfolio and outstanding loan portfolio estimates. This table uses actual results from 2005 to 2007 and estimates for the period 2008 – 2018. Future results will be dependent on market returns generated and projects approved over the next ten years.

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AUDITORS' REPORT

To the Board of Directors of
Northern Development Initiative Trust

We have audited the balance sheet of Northern Development Initiative Trust as at December 31, 2007 and the statements of operations and fund balance and cash flow for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Prince George, British Columbia
February 5, 2008

NORTHERN DEVELOPMENT INITIATIVE TRUST
STATEMENT OF OPERATIONS AND FUND BALANCE
year ended December 31, 2007

	Unrestricted	Endowment		
	Operating	Operating Endowment Account	Cross Regional Account	Pine Beetle Recovery Account
REVENUE				
Investment Income	$ 459,564	$ -	$ 1,233,693	$ 676,695
Interest Income - Project Loans	-	-	5,402	-
Other Income / Recoveries	4,561	-	-	-
	464,125	-	1,239,095	676,695
EXPENDITURES				
Board Costs	34,076	-	-	-
Capital Expenditures	15,100	-	-	-
Communication	2,544	-	-	-
Consulting	20,545	-	-	-
Finance Committee	-	-	-	-
General Administration and Office	295,189	-	-	-
Insurance	19,370	-	-	-
Legal and Accounting	18,894	-	-	-
Regional Advisory Committees	26,157	-	-	-
Salaries and Benefits	466,513	-	-	-
Special Board Meetings	-	-	-	-
	898,388	-	-	-
Grants and Loans	-	-	1,291,500	303,403
Less: Repayable Portion	-	-	(1,222,000)	-
Net Grants	-	-	69,500	303,403
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(434,263)	-	1,169,595	373,292
FUND BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	1,745,303	25,000,000	55,333,932	32,562,053
PRIOR PERIOD ADJUSTMENT (Note 11)	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR AS RESTATED	1,745,303	25,000,000	55,333,932	32,562,053
FUND BALANCE, END OF YEAR	$ 1,311,040	$ 25,000,000	$ 56,503,527	$ 32,935,345

Restricted				Total	
Cariboo-Chilcotin/ Lillooet Regional Development Account	Northwest Regional Development Account	Northeast Regional Development Account	Prince George Regional Development Account	2007	2006 (restated)
$ 414,625	$ 416,645	$ 409,779	$ 357,785	$ 3,968,786	$ 16,775,082
-	-	-	-	5,402	-
-	-	-	-	4,561	-
414,625	416,645	409,779	357,785	3,978,749	16,775,082
-	-	-	-	34,076	30,415
-	-	-	-	15,100	50,960
-	-	-	-	2,544	49,682
-	-	-	-	20,545	54,041
-	-	-	-	-	5,197
-	-	-	-	295,189	151,283
-	-	-	-	19,370	16,717
-	-	-	-	18,894	42,623
-	-	-	-	26,157	76,233
-	-	-	-	466,513	327,923
-	-	-	-	-	3,006
-	-	-	-	898,388	808,080
880,460	3,425,963	220,300	579,100	6,700,726	6,530,837
-	2,600,000	-	(466,000)	(4,288,000)	(2,663,293)
880,460	825,963	220,300	113,100	2,412,726	3,867,544
(465,835)	(409,318)	189,479	244,685	667,635	12,099,458
19,429,414	21,291,401	22,170,593	22,016,856	199,549,552	187,330,094
-	-	-	120,000	120,000	-
19,429,414	21,291,401	22,170,593	21,896,856	199,429,552	187,330,094
$ 18,963,579	$ 20,882,083	$ 22,360,072	$ 22,141,541	$ 200,097,187	$ 199,429,552

NORTHERN DEVELOPMENT INITIATIVE TRUST
BALANCE SHEET
as at December 31, 2007

	Unrestricted	Endowment		
	Operating	Operating Endowment Account	Cross Regional Account	Pine Beetle Recovery Account
CURRENT ASSETS				
Cash	$ 45,106	$ -	$ -	$ -
Miscellaneous Receivables	50,000	-	5,402	-
GST Receivable	16,152	-	-	-
Prepaid Expenses	19,883	-	-	-
Current Portion of Loans Receivable (Note 3)	-	-	-	-
	131,141	-	5,402	-
LOANS RECEIVABLE (Note 3)	-	-	1,222,000	-
INVESTMENTS (Note 4)	1,300,352	25,000,000	55,276,125	32,935,345
CAPITAL ASSETS (Note 5)	55,223	-	-	-
	$ 1,486,716	$ 25,000,000	$ 56,503,527	$ 32,935,345
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 120,453	$ -	$ -	$ -
Contingencies (Note 8)				
Commitments (Note 9)				
FUND BALANCES				
Operating				
Endowment Fund (Note 6)	-	25,000,000	-	-
Externally Restricted - Uncommitted	-	-	45,691,237	31,954,748
Externally Restricted - Committed (Schedule 1)	-	-	10,812,290	980,597
Unrestricted	1,311,040	-	-	-
	1,311,040	25,000,000	56,503,527	32,935,345
Capital				
Invested in Capital Assets (Note 7)	55,223	-	-	-
	1,366,263	25,000,000	56,503,527	32,935,345
	$ 1,486,716	$ 25,000,000	$ 56,503,527	$ 32,935,345

APPROVED BY THE BOARD

Director

Director

Restricted				Total	
Cariboo-Chilcotin/ Lillooet Regional Development Account	Northwest Regional Development Account	Northeast Regional Development Account	Prince George Regional Development Account	2007	2006 (restated)
$ -	$ -	$ -	$ -	$ 45,106	$ 82,110
-	-	-	-	55,402	917
-	-	-	-	16,152	13,416
-	-	-	-	19,883	19,872
16,039	412,356	-	910,000	1,338,395	45,500
16,039	412,356	-	910,000	1,474,938	161,815
24,992	2,187,644	-	2,176,000	5,610,636	2,649,293
18,922,548	18,282,083	22,360,072	19,055,541	193,132,066	196,685,243
-	-	-	-	55,223	62,832
$ 18,963,579	$ 20,882,083	$ 22,360,072	$ 22,141,541	$ 200,272,863	$ 199,559,183
$ -	$ -	$ -	$ -	$ 120,453	$ 66,799
-	-	-	-	25,000,000	25,000,000
17,605,456	15,628,004	22,039,772	21,633,178	154,552,395	153,553,372
1,358,123	5,254,079	320,300	508,363	19,233,752	19,130,877
-	-	-	-	1,311,040	1,745,303
18,963,579	20,882,083	22,360,072	22,141,541	200,097,187	199,429,552
-	-	-	-	55,223	62,832
18,963,579	20,882,083	22,360,072	22,141,541	200,152,410	199,492,384
$ 18,963,579	$ 20,882,083	$ 22,360,072	$ 22,141,541	$ 200,272,863	$ 199,559,183

NORTHERN DEVELOPMENT INITIATIVE TRUST
STATEMENT OF CASH FLOW
year ended December 31, 2007

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	**$ 667,635**	$ 12,219,458
Capital expenditures, included in operations	**15,100**	50,960
	682,735	12,270,418
Changes in non-cash operating working capital		
(Increase) decrease in miscellaneous receivables	**(54,485)**	1,217
Increase in GST receivable	**(2,736)**	(2,992)
Increase in prepaid expenses	**(11)**	(2,984)
Increase (decrease) in accounts payable and accrued liabilities	**53,654**	(43,871)
	679,157	12,221,788
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans advanced	**(4,288,000)**	(2,783,293)
Repayment of loans receivable	**33,762**	30,000
Decrease (increase) in investments	**3,553,177**	(9,374,233)
Capital asset additions	**(15,100)**	(50,960)
Proceeds on disposal of capital assets	**-**	-
	(716,161)	(12,178,486)
(DECREASE) INCREASE IN CASH	**$ (37,004)**	$ 43,302
CASH, BEGINNING OF YEAR	**82,110**	38,808
CASH, END OF YEAR	**$ 45,106**	$ 82,110

1. AUTHORITY

The Northern Development Initiative Trust is a not-for-profit organization incorporated under the Northern Development Initiative Trust Act in October 2004.

The vision of the Trust is that Northern British Columbia has world-class industries, diversified regional economies and growing, energetic communities. The mission of the Trust is to be a catalyst for Northern BC and grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments. The British Columbia Provincial government awarded the Trust $135.0 million in 2004 and a further $50.0 million in 2005 in order to achieve these objectives.

2. SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Fund accounting

The Trust follows the restricted fund method of accounting for contributions.
The Operating Fund accounts for the organization's general activities.

The Restricted Funds, Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin / Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account and Prince George Regional Development Account report contributions restricted to activities outlined in their respective strategic plans.

Revenue recognition

Externally restricted contributions received for the Operating Endowment Account, Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin / Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account and Prince George Regional Development Account are recognized as revenue in the year received. All other externally restricted contributions received are recognized in the Operating Fund as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when the income becomes due.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Externally restricted – committed funds

Committed externally restricted funds represent funds at year end for specific project proposals that have been approved by the Board of Directors, and the cash disbursement will not occur until a future date after year end once the conditions of the signed funding agreement are met.

Externally restricted – uncommitted funds

Uncommitted externally restricted funds represent funds not committed at year end to specific project proposals.

Grants and repayable grants

Grants and repayable grants awarded by the Trust are recognized when the conditions of the signed funding agreement are met.

Capital assets

Capital assets are recorded at cost. Amortization of equipment is calculated based on 20% for office furniture, 30% for computers and equipment, and 100% for software, using the straight-line method, over the useful life of the equipment. Amortization of leasehold improvements is based on the original lease term of 5 years.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from the use and eventual disposition of the assets. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Income taxes

No provision has been made for income taxes in these financial statements as the Trust is exempt under Paragraph 149(1)(c) of the Income Tax Act.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from the estimates.

3. LOANS RECEIVABLE

	2007	2006 (restated)
Cariboo-Chilcotin / Lillooet Regional Development Account Lac La Hache - Mount Timothy Ski Hill -repayable in annual installments of $3,200 in 2008, $3,300 in 2009 and 2010, and $2,538 in 2011	$ 12,338	$ 16,100
Prince George Regional Development Account Village of Valemount - Visitor Information Centre - repayable in annual installments of $30,000 in 2008 - 2010	90,000	70,000
Prince George Regional Development Account City of Prince George - Northern Sports Centre repayable in annual installments of $500,000 in 2008 - 2010 and $220,000 in 2011	1,720,000	1,720,000
Prince George Regional Development Account Fraser-Fort George Regional District - Northern Sports Centre repayable in annual installments of $250,000 in 2008 - 2010 and $110,000 in 2011	860,000	860,000
Cariboo-Chilcotin / Lillooet Regional Development Account Cariboo Regional District - Cariboo Recreational Centre, repayable in two annual installments of $12,500 commencing in 2008	25,000	25,000
Cariboo-Chilcotin / Lillooet Regional Development Account Cariboo Regional District - 100 Mile House Rotary Agriplex, repayable in annual installments to be determined based on revenue earned, commencing in 2008	3,693	3,693
Prince George Regional Development Account City of Prince George - CN Centre Display System repayable in annual installments of $130,000 in 2008 - 2010 and $26,000 in 2011	416,000	-
Balance forward	3,127,031	2,694,793

3. LOANS RECEIVABLE (continued)

	2007	2006 (restated)
Balance forward	**$ 3,127,031**	$ 2,694,793
Northwest Regional Development Account - City of Terrace - Terrace Sportsplex - repayable in annual installments of $250,000 in 2008 - 2010 and $1,450,000 in 2011	**2,200,000**	-
Cross Regional Account - Prince George Airport Authority YXS - Airport Expansion - repayable in full in 2012	**1,222,000**	-
Northwest Regional Development Account - District of Kitimat - Sam Lindsay Memorial Pool Refit - repayable in annual installments of $162,356 in 2008 and 2009 and $75,288 in 2010	**400,000**	-
	6,949,031	2,694,793
Current portion	**1,338,395**	45,500
	$ 5,610,636	$ 2,649,293

The above loans were issued under funding agreements and are non-interest bearing and unsecured.

4. INVESTMENTS

The Trust's investments are held with SEI Investments in the following funds:

	2007	2006 (restated)
SEI Investments	**$ 193,132,066**	$ 196,685,243

The annual weighted average rate of return for 2007 was 2.3% (2006 – 8.98%).

5. CAPITAL ASSETS

			2007	2006
	Cost	Accumulated Amortization	Net Book Value	
Operating fund				
Equipment	**$ 138,142**	**$ 84,595**	**$ 53,547**	$ 60,935
Leasehold improvements	**2,210**	**534**	**1,676**	1,897
	$ 140,352	**$ 85,129**	**$ 55,223**	$ 62,832

During the year the Trust acquired capital assets at a cost of $15,100 (2006 - $50,960).

6. ENDOWMENT FUND

The Endowment Fund was set up to receive proceeds of $25,000,000 from the Government of British Columbia in terms of the Northern Development Initiative Trust Act ("NDIT Act"). Interest or other income earned from the money invested may be used to cover operating expenses incurred by the directors and officers of the Trust to perform their obligations under the NDIT Act. Income earned on the endowment is recorded fully in the Operating Fund. Income of $459,564 was earned for the year ended December 31, 2007.

7. INVESTED IN CAPITAL ASSETS

Change in invested in capital assets is as follows:

	2007	2006
Opening balance	**$ 62,832**	$ 66,524
Capital asset additions	**15,100**	50,960
Less amortization	**(22,709)**	(54,652)
Closing balance	**$ 55,223**	$ 62,832

8. CONTINGENCY

The Trust is contingently liable as guarantor of loans to Northwest Premium Meat Cooperative to the extent of $433,000.

9. COMMITMENTS

The Trust has entered into a five year agreement for the lease of premises. The lease agreement expires May 2010. The Trust has committed to $42,060 per annum for the lease of the premises.

10. EMPLOYEE FUTURE BENEFITS

The Trust and its employees contribute to the Public Service Pension Plan (the plan), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 52,000 active members and approximately 32,000 retired members. Active members include approximately 100 contributors from the provincial government, crown corporations, government agencies, and not-for-profit organizations.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at March 31, 2005 indicated an unfunded liability of $767 million for basic pension benefits. The next valuation will be as at March 31, 2008 with results available late in the year. The actuary does not attribute portions of the unfunded liability to individual employers. The Trust paid $35,042 for employer contributions to the plan in 2007.

11.PRIOR PERIOD ADJUSTMENT

Due to a misinterpretation of the timing of recognition of the repayable portion of two loans, the opening fund balance of the Prince George Regional Development Account at January 1, 2007 was overstated by $120,000.

The fund balance of the Prince George Regional Development Account at December 31, 2006 has been decreased by $120,000 which represents the additional repayable portion of these loans.

12. FINANCIAL INSTRUMENTS

Fair values

Cash, miscellaneous receivables, and accounts payable and accrued liabilities are reflected in these financial statements at carrying values, which approximate fair values. The fair value of investments is $193,132,066 as at December 31, 2007. The fair value of the loans receivable is $6,949,031 as at December 31, 2007.

NORTHERN DEVELOPMENT INITIATIVE TRUST — SCHEDULE 1
SCHEDULE OF EXTERNALLY RESTRICTED - COMMITTED FUNDS
year ended December 31, 2007

Account	Total Funding Approved	Current year Disbursements	Prior years Disbursements	2007 Outstanding Commitments	2006
Cross Regional Account	**$ 13,250,900**	**$ 1,291,500**	$ 1,147,110	**$ 10,812,290**	$ 11,130,790
Pine Beetle Recovery Account	**1,284,000**	**303,403**	-	**980,597**	-
Cariboo-Chilcotin/Lillooet Regional Development Account	**4,591,590**	**880,460**	2,353,007	**1,358,123**	1,738,498
Northwest Regional Development Account	**9,226,122**	**3,425,963**	546,080	**5,254,079**	4,853,679
Northeast Regional Development Account	**760,900**	**220,300**	220,300	**320,300**	440,600
Prince George Regional Development Account	**4,197,553**	**579,100**	3,110,090	**508,363**	967,310
TOTAL	**$ 33,311,065**	**$ 6,700,726**	$ 7,376,587	**$ 19,233,752**	$ 19,130,877

2008 Northern Trust Board Meeting Dates

January 17, 2008
March 7, 2008 (Annual General Meeting)
June 5, 2008
September 4, 2008
November 6, 2008

Northern Trust Staff

Janine North – Chief Executive Officer
Bryan Lockhart – Chief Financial Officer
Katherine Voigt – Economic Development Manager
Brodie Guy – Economic Development Manager (effective April 2008)
Karen Borden – Executive Assistant
Nadine Sharma – Client Services Clerk (effective February 2008)

Investment Managers

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